

C R (Cal) Carrington

EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL

NYNEX

March 24, 1993

Ex Parte

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C.

RECEIVED

MAR 24 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: FCC Docket MM 92-266

Dear Ms. Searcy:

On March 24, 1993 the attached material regarding the above captioned proceeding was provided to Mr. Robert Corn-Revere of Chairman Quello's Office, Ms. Kathleen Abernathy, Mr. Byron Marchant and Mr. John Hollar of the Offices of Commissioners Marshall, Barrett and Duggan, respectively, and Ms. Alexandra Wilson of the Mass Media Bureau. The points set forth in this material reflect the positions taken by the NYNEX Telephone Companies in their filings in this proceeding.

Very truly yours,



Attachment

cc: R. Corn-Revere (Transmittal letter only)
K. Abernathy (")
B. Marchant (")
J. Hollar (")
A. Wilson (")

No. of Copies rec'd
List A B C D E

0+1

**NYNEX POSITION ON
MM DOCKET 92-266
RATE REGULATION
1992 CABLE ACT**

March 24, 1993

ACCELERATED INDUSTRY CONVERGENCE NECESSITATES

5-11-10

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PARITY OF TREATMENT NEEDED FOR A COMPETITIVE VIDEO MARKET PLACE

- **TELCOS CONSTRAINED FROM ENTERING CABLE TODAY**
 - **PROVISION OF PROGRAMMING WOULD BE CONSIDERED
ENHANCED AND THEREFORE SUBJECT TO:**
 - **COST ACCOUNTING**
 - **ONA**
 - **NONDISCRIMINATION RULES TO PREVENT CROSS-
SUBSIDY & DISCRIMINATION**
- **CABLE COMPANIES ARE RAPIDLY ENTERING
TELECOMMUNICATION MARKET WITHOUT CONSTRAINT (SEE
ATTACHMENT)**

CABLE RATE REGULATION PROCEEDING IS ESSENTIAL TO CREATING A COMPETITIVE MARKET

- **COMMISSION MUST ADOPT COST ALLOCATION RULES AND RATE REGULATIONS THAT ESTABLISH REASONABLE RATES FOR BASIC TIER AND CABLE PROGRAMMING SERVICES**
 - **RATES SHOULD BE INITIALIZED USING COST ALLOCATIONS & SIMPLIFIED COST OF SERVICE METHODS**
 - **SUBSEQUENT RATE CHANGES SHOULD BE GOVERNED BY A PRICE CAP BENCHMARK**
- **RATES FOR CABLE CUSTOMER PREMISES EQUIPMENT & CABLE HOME WIRING SHOULD BE UNBUNDLED FROM RATES FOR CABLE SERVICES**
- **LEASED ACCESS CHANNELS SHOULD BE PRICED REASONABLY & GOVERNED BY REASONABLE AND NONDISCRIMINATORY ACCESS**

SURVEY DATA SUPPORTS THE NEED TO INITIALIZE RATES BASED ON COST ALLOCATIONS AND SIMPLIFIED COST OF SERVICE METHODS

● CFA OBSERVATIONS

- RATES 30-50% HIGHER FOR MONOPOLY CABLE SYSTEMS**
- SMALL NUMBER AND UNIQUE CHARACTERISTICS OF
COMPETITOR SYSTEMS MAKE NUMBERS UNRELIABLE**
- MUNICIPAL SYSTEMS AND LOW PENETRATION RATE SYSTEMS
ARE NOT REPRESENTATIVE**

● WARREN'S CABLE REGULATION MONITOR (VOL.1 NO.7 MARCH 8, 1993)

- SINCE 1986 FEES FOR NON COMPETITIVE CABLE SYSTEMS
ROSE:**

**54.1% FOR THE BASIC TIER
56% FOR INSTALLATION CHARGES**

SIMPLIFIED COST OF SERVICE IS NOT OVERLY COMPLICATED

**REGULATED CABLE SERVICES (BASIC TIER AND
PROGRAMMING SERVICES) MUST NOT SUBSIDIZE OTHER
VENTURES (TELEPHONE SVC/WIRING/EQUIPMENT)**

- **CURRENT RULES EXIST TO PREVENT TELCO's FROM SUBSIDIZING
ENHANCED SVCS/CPE/OTHER VENTURES**

**STATUTORY REQUIREMENTS:
"PROMOTE COMMERCIAL AVAILABILITY OF EQUIPMENT
FROM CABLE OPERATORS AND RETAIL VENDORS THAT
ARE NOT AFFILIATED WITH CABLE SYSTEMS"**

- **UNBUNDLING WILL FULFILL THIS MANDATE**
 - **SECURITY RISK DISAPPEARS WITH ADDRESSABLE EQUIPMENT
(PHASE IN POSSIBLE FOR OLD SYSTEMS)**
 - **NETWORK DISCLOSURE RULES NEEDED**
 - **ADDITIONAL OUTLETS SHOULD NOT COMMAND ADDITIONAL
RECURRING RATE**
 - **MUST INCLUDE EQUIPMENT AND WIRING**
- **UNBUNDLED EQUIPMENT AND WIRING IS A NECESSARY
PREDICATE TO A COMPETITIVE MARKET PLACE**

**AVAILABILITY OF LEASED ACCESS CHANNELS UNDER
NONDISCRIMINATORY TERMS AND CONDITIONS WILL HAVE
A PRO COMPETITIVE EFFECT ON DEVELOPMENT OF
ALTERNATE PROGRAMMING SOURCES**

- **COMPETITORS SHOULD BE PERMITTED TO INTERCONNECT AT
HEADEND AND AT NODES THROUGHOUT A SYSTEM**
- **CHANNEL CAPACITY MUST BE OFFERED TO UNAFFILIATED**

ALL CABLE OPERATORS NOT SUBJECT TO EFFECTIVE COMPETITION MUST BE REGULATED

- **EFFECTIVE COMPETITION STANDARD MUST INCLUDE AVAILABILITY OF COMPARABLE VIDEO PROGRAMMING BOTH IN QUALITY AND QUANTITY**
 - **VERTICALLY INTEGRATED CABLE OPERATORS MUST MAKE PROGRAMMING AVAILABLE TO COMPETITORS UNDER REASONABLE AND NON DISCRIMINATORY TERMS AND CONDITIONS**
- **ALL INTERESTED PARTIES MUST BE GIVEN NOTICE OF STATE AND LOCAL PROCEEDINGS AND OPPORTUNITY TO PARTICIPATE**

CABLE ENTRY INTO TELCO BUSINESS

- **COX & TCI ... ACQUISITION OF TELEPORT**
TELEPORT IS A LEADING COMPETITIVE ACCESS PROVIDER (CAP)
- **TIME WARNER**
 - **FIBERNET - CAP IN UPSTATE NY**
 - **INDIANA DIGITAL ACCESS - PLANNING TWO CAPS IN MANHATTAN**
 - **TIME WARNER (QUEENS) - SWITCHED PHONE SERVICES TRIAL UNDERWAY**
 - **TIME WARNER TELECOMMUNICATIONS - PCN LICENSES IN NY, ST PETERSBURG, CINCINNATI & COLUMBUS**
 - **TIME WARNER (ORLANDO) - ANNOUNCED PLANS TO BUILD A FULL SERVICE SWITCHED BROADBAND NETWORK TO SERVE 4,000 CUSTOMERS PROVIDING MULTIMEDIA TELECOMMUNICATIONS (ENTERTAINMENT, TRANSACTION SERVICES & COMMUNICATIONS FOR HOMES, SCHOOL & BUSINESSES)**
- **CABLEVISION SYSTEMS**
 - **NUCOMM - CAP OPERATIONS IN LONG ISLAND & BOSTON**

- **PCN LICENSES OBTAINED IN
CLEVELAND, NEW YORK,
CHICAGO & BOSTON**
- **ANNOUNCED PLANS TO INVEST \$300 MILLION IN 8,000
MILE FIBER-OPTIC NETWORK TO PROVIDE UPGRADED
VIDEO SERVICES AND ALTERNATIVE PHONE SERVICE
FOR 800,000 SUBSCRIBERS ON LONG ISLAND**
- **HYPERION (VERMONT)**
 - PLANS TO USE CABLE COMPANY FACILITIES TO
PROVIDE TELEPHONE SERVICE**